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Chair

The Honourable Kevin Sorenson

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● (1530)

[*English*]

The Chair (Hon. Kevin Sorenson (Battle River—Crowfoot, CPC)): I call the meeting to order. Good afternoon, colleagues.

This is meeting number 103 of the Standing Committee on Public Accounts on Thursday, June 7, 2018. We are here today in consideration of report 4 of the 2018 spring reports of the Auditor General of Canada, replacing Montreal's Champlain Bridge—Infrastructure Canada.

I would remind our committee and our audience here today that we are televised, so please silence your cellphones as it's much less disruptive if they are silenced right away.

We have with us this afternoon, from the Office of the Auditor General, Mr. Michael Ferguson, Auditor General of Canada, and Mr. Philippe Le Goff, principal.

Welcome.

From Infrastructure Canada we have Ms. Kelly Gillis, deputy minister, infrastructure and communities; Marc Fortin, assistant deputy minister, program operations; and Natalie Bossé, director general, major bridges.

We welcome all our guests.

We will have an opening testimony from our Auditor General, and then we will move to Ms. Gillis.

Welcome, Mr. Ferguson.

Mr. Michael Ferguson (Auditor General of Canada, Office of the Auditor General): Thank you.

[*Translation*]

Mr. Chair, thank you for this opportunity to discuss our report on replacing Montreal's Champlain Bridge.

This audit focused on whether Infrastructure Canada managed selected aspects of the new Champlain Bridge project to deliver a durable bridge on time and in a cost-effective manner.

In past audits, we stressed the importance of life-cycle management of government assets. This audit showed that, when the signs of asset deterioration were not identified, not understood, not communicated or not acted upon at the right time, the result was significant additional costs to taxpayers.

[*English*]

The Champlain Bridge opened in 1962, but 25 years later, the Jacques-Cartier and Champlain Bridges Incorporated, JCCBI, had to start major repairs because of serious structural problems that were abnormal for a bridge of that age.

In 1999 engineers reported the possibility of failure of an exterior girder. However, JCCBI didn't have a financial indicator that would compare the cost of maintaining the bridge with the cost of building a new one. Furthermore, it didn't identify that the bridge would have a shorter useful life than expected.

It was only in 2007 that JCCBI realized that the bridge was in urgent need of repairs, and it communicated that to the minister, but it didn't clearly explain the rapid deterioration of the bridge. At that time, JCCBI stated that the planning for the construction of a new bridge should be put in place to have an operational crossing by 2021.

In 2011 the government approved the construction of a new bridge to be opened in 2021. That time frame was consistent with the fact that the planning, procurement, and construction of a bridge of that size generally takes seven years. However, because of increased concern about the possible failure of some structural components, the government announced in 2013 that the project would be conducted according to an accelerated construction schedule to deliver a new bridge in 2018.

Had JCCBI identified and communicated the seriousness of the Champlain Bridge degradation in 2007, a new bridge could have been delivered by 2015. Because the decision to replace the Champlain Bridge wasn't made at the optimal time, the government will incur expenditures of more than $500 million that could have been avoided. This includes more than $300 million for major repairs to the existing bridge and more than $200 million that will have to be paid to the private partner for additional costs related to the construction of the new bridge.

[*Translation*]

Another issue we identified in our audit was that Infrastructure Canada analyzed procurement models two years after the government had decided to use a public-private partnership. The department's analysis was not based on reliable data and assumptions, and did not consider all key risks. A more thorough analysis would have indicated that a public-private partnership model could be more expensive than a traditional procurement model.

We found that Infrastructure Canada evaluated the technical proposals for the construction of the new bridge consistently and fairly. The department chose an approach that compressed the procurement process, so that the selected bidder would be able to proceed quickly with construction. However, this evaluation approach contained flaws that introduced major risks and uncertainties about the bidders' proposals on durability, design, operation, maintenance and rehabilitation.

For example, we found that all seven of the rated criteria were assigned the same weight, even though some were more important than others. In our view, the criteria on design and on operation, maintenance and rehabilitation should have been given more weight than other criteria such as the approach to manage the project.

[*English*]

Mr. Chair, we concluded that Infrastructure Canada didn't plan the replacement of the existing Champlain Bridge in a cost-effective manner. In our view, the new Champlain Bridge won't be delivered within budget, and delivering it on time will be very challenging.

We made five recommendations, and Infrastructure Canada agreed with them.

Mr. Chair, this concludes my opening remarks. We would be pleased to answer any questions the committee may have. Thank you.

● (1535)

The Chair: Thank you, Mr. Ferguson.

We'll now turn to Ms. Gillis, please.

Ms. Kelly Gillis (Deputy Minister, Infrastructure and Communities, Office of Infrastructure of Canada): Good afternoon. Thank you for inviting me here today to speak to you about the Auditor General's report on replacing Montreal's Champlain Bridge.

I am joined by Marc Fortin, assistant deputy minister, program operations, and Natalie Bossé, director general, major bridges projects.

I'd like to thank the Auditor General and his staff for the work they have done in examining this important project. We recognize the opportunity this audit provides and how we can learn and improve our practices so we can continue to deliver high-quality infrastructure that provides value for Canadians.

[*Translation*]

The department accepts the Auditor General's recommendations, and I am pleased to confirm that steps have already taken place to address the findings. Further actions will also be incorporated in future projects and asset management strategies.

[*English*]

The new Champlain Bridge corridor project is one of the largest infrastructure projects currently under way in North America. The history and the events of the current Champlain Bridge are well known and have been articulated in the Auditor General's report.

After several studies were undertaken to understand the state of the bridge and the options of rehabilitation or replacement, a decision was made in 2011 to replace the Champlain Bridge while ensuring work would be undertaken so it could safely remain open until the new bridge was operational.

Given the complexity of this project, in 2012 private sector experts were engaged to support a multi-departmental team of professionals who developed a business case to determine the best delivery method for the replacement of the bridge. Based on their analysis, the government announced the decision to move with a P3 procurement model in December 2013, after which a competitive process using the latest methodology for P3s was undertaken in March 2014, concluding with a selection of a preferred proponent in April 2015, with Signature on the Saint Lawrence.

Critical to the procurement and management of this project was the comprehensive governance and oversight structure put in place, ranging from top-level senior ministerial and DM committees to technical working groups supported by private sector expert advisers with global experience in P3 infrastructure models.

[*Translation*]

Transparency and proactive communications, as well as working in partnership with the City of Montreal, the City of Brossard and the Government of Quebec, were also critical elements to the management of this project. As key milestones or issues were encountered, media and technical briefings were held to ensure all stakeholders had an opportunity to raise questions and be informed.

[*English*]

At our last media briefing in April, we provided details on the only cost increase to date on the project: the negotiated settlement of $235 million. The settlement agreement allowed for the recovery of construction delays due to various strikes outside SSL's control and settled all existing claims related to transportation permit issues that our independent arbitrator committee opined on. The agreement also paid for additional measures by SSL to meet the delivery date of the new Champlain Bridge as December 21, 2018. Lastly, it ended the lawsuit filed by SSL in Superior Court.

We are now in the late stages of construction. As you see from the picture that was distributed to the committee, we are at almost 80% completion. Infrastructure Canada will continue to work closely with our private sector partner, SSL, which has committed to delivering the bridge in December 2018 as planned.

Throughout construction of the new bridge and until it is operational, JCCBI has maintained and will continue to maintain the existing bridge safely open. They have demonstrated due diligence in ensuring its structural integrity as well as the safety and efficiency of the corridor while this project has been under way.

[*Translation*]

In conclusion, every effort has been made to ensure that the project has been rigorously and transparently managed.

We wish to thank the Auditor General again for his report, providing us with opportunities to learn from this project and improve on what we do.

● (1540)

[*English*]

It is an honour as a public servant to have the opportunity to participate in such an important project that will contribute to the Montreal area for the next 125 years.

[*Translation*]

Thank you.

[*English*]

The Chair: Thank you very much, Ms. Gillis.

We'll now move to the first round of questioning.

[*Translation*]

Mrs. Mendès, you have seven minutes.

Mrs. Alexandra Mendès (Brossard—Saint-Lambert, Lib.): Thank you very much, Mr. Chair.

I thank you all for being here today.

Since I am the member for Brossard—Saint-Lambert, this project is clearly very important to me and it has been for a very long time. During my first term, from 2008 and 2011—when I was part of the opposition—I spoke out a number of times in the House specifically to ask when the bridge would be replaced. For us, the people who use the bridge, it was no longer a matter of repairing it, but rather of replacing it. We were seeing it. It was visible to the naked eye. We were passing underneath and could see that concrete was falling down from all over. About every six months, reports by all sorts of independent firms were published, exposing the progression in the deterioration pretty clearly.

For someone who lives in Brossard and who, like me, uses the Champlain Bridge very regularly—I cannot say that it's every day because I am here during the week, but almost every day—it was clear that the bridge had needed tremendous attention for a number of years. Granted, there had been talk of repairs for a number of years, but people had already started to talk about replacing it in 2008.

Mr. Ferguson, did your audit help you identify the reason behind the reticence, between 2008 and 2011—during my term as member—to accept the fact that it was time to replace the bridge?

Mr. Michael Ferguson: It's somewhat difficult to say. We indicated that the Jacques Cartier and Champlain Bridges Incorporated, JCCBI, had found that it may be necessary to start planning the new bridge, but that the new bridge should be finished by 2021. So it seems that some of the information provided did not reflect a sense of urgency. We stated that, on a few occasions, the corporation expressed the need to replace the bridge. However, I think it was more urgent, at that time, to take care of the bridge's deterioration. It seems that it was difficult to find information indicating that the JCCBI had explained the situation and the bridge's deterioration.

Mrs. Alexandra Mendès: I would be the first to recognize that, to try to keep the current bridge in repair until the new bridge's construction was finished, Quebec engineers were brilliant in finding innovative solutions to support the bridge, such as the super beam.

What is shocking to me is that, for those who use the bridge, it seemed obvious that the bridge was falling apart. So how did people whose main responsibility is to ensure the maintenance of federal infrastructure spend so many years neglecting that?

You just told me that you could not answer that question, but I would like us to be able to come to a conclusion on that some day. I'm not talking about Infrastructure Canada officials, but more specifically about administrators and managers from the JCCBI, who are on the ground and should be able to clearly indicate the state of the bridges.

Ms. Gillis, do you have anything to add?

[*English*]

The Chair: Go ahead, Ms. Gillis.

[*Translation*]

Ms. Kelly Gillis: According to the reports and the documentation we have obtained, since 2007 and 2008, the JCCBI has conducted studies to assess the state of bridges and plan the bridge's replacement.

Mrs. Alexandra Mendès: It did that much too late.

Ms. Kelly Gillis: It thought it had more time to replace the bridge and have it in place by 2020-2021.

● (1545)

Mrs. Alexandra Mendès: It's a little frustrating.

I know that's not what we should base such important decision on, but this was something people who were using the bridge had spoken out about for several years. They were saying that the bridge was unreliable and that it was clearly deteriorating. Pieces of concrete were falling on cars. So something was not working.

Studies were conducted, but what was their credibility if, three years later, we realized that they were completely off? How can we trust those studies? What should we do to correct the way those studies are carried out?

The question is for Mr. Ferguson or Mr. Le Goff.

[*English*]

The Chair: Go ahead, Mr. Le Goff.

[*Translation*]

Mr. Philippe Le Goff (Principal, Office of the Auditor General): Thank you, Mr. Chair.

One of the key aspects of the project was the fact that the reinforcing steel was embedded in concrete. For engineers, it was a challenge to determine how serious the deterioration was, even though your constituents could see superficial deterioration of the bridge with piles of concrete getting detached from the structure.

I think that is partially to blame for the poor assessment of the seriousness of the bridge's deterioration and the deadline for replacement originally being set for 2020-2021.

[*English*]

Mrs. Alexandra Mendès: In terms of lessons learned, Ms. Gillis, what could we take out from this process and how we got there?

Ms. Kelly Gillis: Thank you for the question.

I think where we're at now—and it's something that the Auditor General recommended in his report—is the importance of life-cycle asset management. Over the last number of years, JCCBI has certainly improved and is working diligently on life-cycle management. Something else that's also important and is an opportunity now is technology. The Champlain Bridge now has many sensors and there's real-time understanding of the behaviour of the bridge and the state of the bridge. In the case of the Ponts Jacques-Cartier and Honoré-Mercier, those same types of technology are going to be applied to them. I think we have a real opportunity to understand the state of our assets now that we didn't have previously.

Mrs. Alexandra Mendès: That's reassuring, yes. Thank you.

The Chair: Thank you, Mrs. Mendès.

We'll now move to Mr. Chong, please.

Hon. Michael Chong (Wellington—Halton Hills, CPC): Thank you, Mr. Chair.

The Chair: Welcome to the committee.

Hon. Michael Chong: Thank you. I'm glad to be here.

Thank you to our witnesses for appearing today.

When I read the Auditor General's report on the Champlain Bridge, and also the report from your office from last fall regarding the government's climate change plans, I can only come to the conclusion that this bridge, which is one of the largest infrastructure initiatives undertaken by the Government of Canada, is not living up to the government's professed claim that it believes in economic, environmental, and socially sustainable development.

When I read the fall report from your office, Mr. Ferguson, it's clear that Environment and Climate Change Canada was not on track to meet the 2020 emission target and it shifted its focus to the 2030 emission target. In exhibit 1.5 of that same report, it's clear that the government's much-vaunted pan-Canadian framework on clean growth and climate change is not going to get us to Paris. It's not going to get us to 2030.

The Chair: Go ahead, Mr. Massé.

Mr. Rémi Massé (Avignon—La Mitis—Matane—Matapédia, Lib.): As a point of clarification, we're using this committee to study the report that is being provided by the professionals of the *Bureau du vérificateur général*.

[*Translation*]

I am trying to understand the objective of my colleague's question, since we are trying to get a good understanding of the observations and recommendations issued on the work that has been done and the previous government's decisions.

If people want to play politics, we can do that as well, but I would really like us to focus on....

[*English*]

The Chair: I didn't really hear any political.... He referenced a report from last fall, but we are more specifically on the Champlain Bridge.

Mr. Chong, I know you're segueing into that, and we look forward to the transition into the Champlain Bridge.

● (1550)

Hon. Michael Chong: Thank you, Mr. Chair. I take it that the point of order won't be taken away from my time.

The Chair: No, we've stopped your time and taken it away from Mr. Massé.

Hon. Michael Chong: I'm referencing the report because it's directly tied to the current report being studied by the committee, report number four.

Last fall's report makes it clear that the government's much-vaunted plan on climate change is not going to get us to Paris. It's clear in exhibit 1.5 that the government is 45 megatonnes short of meeting the Paris target of 523 megatonnes. Then when I read your current report, report number four, I see in that report that you indicate the government's decision to remove tolls on the bridge has had a huge impact. In fact, you estimate it's going to increase vehicular traffic over the bridge by some 20%, from 50 to 60 million vehicles a year. This, to me, is not abiding by the government's professed principle of internalization of our economic system; it is doing quite the opposite. It's taking what was an internality for the new bridge, the pricing of traffic over that bridge, and making it an externality. I don't see how this upholds the government's professed belief in being environmentally sustainable.

I just did a rough back-of-the-napkin calculation on your estimate of 10 million more vehicles a year going over that bridge. With the average car using about 2,000 litres of fuel a year and with average carbon emissions of about 2.3 kilograms per litre of gasoline burned, if we multiply that by 10 million vehicles, you will see that you end up with 46 megatonnes of additional emissions that are going to be produced by those 10 million new vehicles. Now I know, *ceteris paribus*, that this is not exactly a detailed analysis because there will be some substitution to other forms of transit and people may be taking other paths to work, but the point is that if the government is 45 megatonnes short of our Paris accord, every little decision has an impact, and 10 million new vehicles travelling over this bridge is not getting us to Paris. It is not environmentally sustainable.

The second point I wanted to make, Mr. Chair, is that it's not economically sustainable. You say in your report number four that his has blown at least a $3-billion hole in the fiscal framework. We are going to be collecting $3 billion less in revenues over the first 30 years because of the government's political decision to remove tolls on the bridge, so it's not economically sustainable. The additional traffic actually means more wear and tear on the bridge as well, which is going to lead to increased costs.

As well, it's not socially sustainable. It's led to inequity in this country. People have to pay $46 to cross a federal bridge from the mainland to Prince Edward Island and a new proposed federal bridge across Windsor-Detroit, which millions of Canadians will use each and every year, is going to be tolled, yet we have a federal bridge across the St. Lawrence where Canadians do not have to pay. It's not socially sustainable and it's not socially equitable.

I just put those points out there, Mr. Ferguson, and, through you, Mr. Chair, I'd ask if there's any comment on that lack of sustainability in this government's management of this federal bridge in Montreal.

The Chair: Go ahead, Mr. Ferguson.

Mr. Michael Ferguson: Our audits deal with the implementation of government policy rather than the studying or the establishment of government policy. We have indicated in the report that the department has to deal with the private sector contractor in the removal of the tolls, in making adjustments to the contract. I believe that process is still under way, but obviously it's a significant change to the original contract, and when you're dealing with a public-private partnership, part of the value is to establish the contractual obligations up front and then not make many changes to them. This is obviously a significant change.

Again, in this audit we were just looking at this project. That government decision came after the original contract was put in place.

With regard to the report that we issued that you referenced, I should point out that what we said in the fall, I believe, was the measures that have been announced so far would not be sufficient to meet the 2030 target. That's not to say other measures couldn't be put in place.

● (1555)

The Chair: You have 30 seconds.

Hon. Michael Chong: When you reviewed the Champlain Bridge in report 4, did you take a look at whether or not the government took into account the increased greenhouse gas emissions that would result as a result of their decision to remove tolls from this bridge?

Mr. Michael Ferguson: We didn't look at that.

Hon. Michael Chong: I have no further questions; thank you.

The Chair: Thank you, Mr. Chong.

We'll now move to Ms. Sansoucy.

[*Translation*]

You have seven minutes, Ms. Sansoucy.

Ms. Brigitte Sansoucy (Saint-Hyacinthe—Bagot, NDP): Thank you, Mr. Chair.

I want to thank all the witnesses for their presentations. I also thank them for being here to answer our questions.

My first question is for you, Mr. Ferguson. I think this is my first opportunity to put a question to you. I will use the opportunity to congratulate you and tell you what a great deal of respect I have for the role all your office's employees play and for the responsibilities they assume. I am a new member—I was elected in 2015. Every time your office produces a report, it provides us with so much insight and helps us play our role as representatives of constituents. Thank you for that.

I am the new critic for infrastructure and communities, so I considered this report in particular. What I found interesting in the report was how much it is focused on the future. It talks about lessons that can be learned from this tremendous project and the steps that led to the building of the Champlain Bridge. It enlightens us on decisions we will need to make in other infrastructure projects, as this will not be the last one.

In your report, you say that costs will be higher and, even worse, that the government was unable to say how it came to the conclusion that a public-private partnership would help it save $1.75 billion as announced. According to you, a traditional model would have cost less.

Since we will have to make these types of decisions in the future, I would like to know how much money could have been saved by using a traditional model. In addition, what makes the costs escalate when a public-private partnership is used, as in this case?

Mr. Michael Ferguson: Thank you.

I will begin to answer, and then Mr. Le Goff could provide you with more details.

We stated that the assumptions used to analyze this project had some shortcomings. We examined certain aspects of that analysis. By using more realistic hypotheses, a better way to handle this project could have been found.

I will ask Mr. Le Goff to give you details.

Mr. Philippe Le Goff: Mr. Chair, Ms. Sansoucy, we have looked at a number of hypotheses that were used to assess the value of one procurement model compared with another. In the case of the Champlain Bridge, a lot of the data was piecemeal. I'm thinking of the bridge's design, among other things. Hypotheses involving a level of design of 5% were used, when the standard is more around 10%. The department must have based its analysis on data that, inevitably, made the costs vary considerably.

Our conclusion is not that a public-private partnership necessarily costs less, but rather that studies should have been carried out before a decision was made.

Ms. Brigitte Sansoucy: Okay, I understand.

In your report, you say that it's unlikely that the Champlain Bridge will be inaugurated by December 21 of this year because, among other things, some 20 changes were decided on during the project and are actually still under negotiation with the builder, the municipalities and the provincial government.

My colleague Mrs. Mendès said it well: decisions were made late. We have been hearing about this issue for a long time in Quebec.

I know it's one hypothesis, but you have looked at a number of them. Had a traditional model been favoured since 2006, would we be facing these types of delays and a cost increase over the course of the process after it was decided to use a public-private partnership, a PPP, without having all the data for a comprehensive analysis?

I have said publicly that I often prefer public infrastructure.

As I told you, I like the fact that your report is looking toward the future. How can we learn from this experience when it comes to future decisions we will have to make? So the government needs to intervene early, as soon as a red flag is raised, and get started on studies.

If a traditional model had been chosen from the outset, would we have faced delays and these kinds of cost increases?

● (1600)

[*English*]

The Chair: Go ahead, Mr. Ferguson.

[*Translation*]

Mr. Michael Ferguson: Once again, I will start to answer and then ask Mr. Le Goff to add more information.

When it comes to PPPs, I think that what we should learn from this situation is the importance of carrying out a comprehensive analysis using hypotheses based on the right information, an analysis that includes all the available information in order to decide whether a PPP is the best way to carry out such a project.

So I have no opinion on whether it is better to use a PPP or another option to build infrastructure. However, it is very important to carry out a proper analysis.

I will ask Mr. Le Goff to also answer.

Ms. Brigitte Sansoucy: Yes.

[*English*]

The Chair: Be very quick.

[*Translation*]

Ms. Brigitte Sansoucy: I know that you have not adopted a position.

You are just talking about how a decision is made. I understand that.

[*English*]

The Chair: Go ahead, Monsieur Le Goff.

[*Translation*]

Mr. Philippe Le Goff: Mr. Chair, we definitely take some elements into account, such as the cost of borrowing, which is lower for the state than for a private partner, for example. Usually, money is saved by going that route.

However, a private partner may have expertise the department does not. So it is possible to achieve a higher efficiency rate by choosing a public-private partnership.

Once again, I will reiterate the Auditor General's opinion by saying that it is important to consider all those elements before a decision is made because, often, the decision is down to very few things and the hypotheses we are putting forward are very important for coming to a conclusion.

Ms. Brigitte Sansoucy: Okay, but....

[*English*]

The Chair: I'm sorry, Ms. Sancoucy. You were very good, and I really like your line of questioning. I just can't let you have much more.... You're a minute and a half over already.

We will now move to Monsieur Massé. We can come back to you, because I know you have a good line of questioning here.

[*Translation*]

Mr. Massé, you have seven minutes.

Mr. Rémi Massé: Thank you, Mr. Chair.

Perhaps we should have invited the member across the way who was in cabinet at the time the decisions were made. He could've explained why it took so long to make the decisions. We are well aware of the environmental consequences. Because of how much time went by before construction of the new bridge got under way, Montreal is still plagued by tremendous congestion. Greenhouse gases continue to be emitted and the impact on pollution levels is significant. The bridge will alleviate traffic congestion and accommodate a light rail train. Had the decisions been made sooner, it would have cost less and we wouldn't be in this situation. That wraps up my comment.

Now I have a question for Ms. Gillis.

The Auditor General indicated that he had doubts about the December deadline and that it might not be possible to keep costs within budget. How do you respond to the doubts around the bridge being built on time and on budget? Do you think it will be possible?

● (1605)

[*English*]

The Chair: Go ahead, Madam Gillis.

[*Translation*]

Ms. Kelly Gillis: Thank you for your question.

The $235-million settlement that was negotiated with SSL is the only claim that would increase the cost. Currently, there are no others, and we aren't aware of anything else that could increase the cost of building the bridge.

As part of the negotiated $235-million settlement, SSL assumed responsibility for potential delays in the bridge's opening. It is contractually obligated to complete the bridge by December 21, 2018, and if the bridge isn't ready by then, SSL will have to comply with the requirements set out in the contract.

Mr. Rémi Massé: What are those requirements? The Auditor General's report refers to significant penalties. I'd like to know how SSL will be penalized if it does not meet the December 2018 deadline.

Ms. Kelly Gillis: For every day the project is late during the first week, the group will be fined $100,000. After seven days, the fine goes up to $400,000 per day, up to a maximum of $150 million.

Mr. Rémi Massé: Thank you.

You said that construction of the bridge was 80% complete. Last week, I had the opportunity to fly over the new bridge when I was going from Mont-Joli to Montreal, on my way to Ottawa, and I was able to see the progress. It was really something.

What kind of oversight mechanism was established to make sure the work is completed on time?

Ms. Kelly Gillis: Thank you for the question.

We monitor the progress made by SSL very closely. We have regular update reports and meetings. An independent engineer works for us and tells us what we need to know in order to ask the right questions about the progress made.

In terms of governance and progress oversight, we are proactive. Any issues that need to be clarified are dealt with immediately.

Mr. Rémi Massé: Sorry, but it's not quite clear to me.

When it comes to determining exactly what stage the work is at, who is in charge of oversight? You mentioned a few names. In terms the average person can understand, who is ultimately responsible for overseeing progress and answering to the government?

Ms. Kelly Gillis: Under the contract, SSL is responsible for making sure the bridge is operational by December 21. There is no question about that.

Mr. Rémi Massé: Very well.

Ms. Kelly Gillis: We have a team of experts who receive construction updates, and if they see a need for further clarification, a process is in place to allow for that discussion.

Mr. Rémi Massé: That's great.

Let's fast-forward. The bridge has to be safe so we don't have a repeat of the past. Once the bridge is built, what oversight mechanism will you use to make sure Montrealers crossing the bridge can do so safely for years to come?

[*English*]

The Chair: Go ahead, Madam Gillis.

[*Translation*]

Ms. Kelly Gillis: Thank you for the question.

Under the contract, once the bridge opens, SSL will be in charge of its maintenance and operation until October 2049, so 30 years. That whole time, it will have to ensure service standards are met. Seven years before the bridge is transferred back to the government, an engineer will conduct an independent inspection to make sure it is in proper condition and in compliance with established standards.

● (1610)

[*English*]

The Chair: Thank you. We'll now move back to Monsieur Deltell.

[*Translation*]

Mr. Deltell, you have five minutes.

Mr. Gérard Deltell (Louis-Saint-Laurent, CPC): Thank you, Mr. Chair.

Mr. Ferguson, Mr. Le Goff, Ms. Gillis, Mr. Fortin, and Ms. Bossé, thank you for being here and welcome to the committee. Thank you for being here, Mr. Chair. It's a pleasure to have you appear before the committee. Thank you for coming.

Mr. Ferguson, in your report, you note that, in 2007, the study did not clearly show the potential impact of the bridge's deterioration.

In fact, you said that it was not until 2007 that JCCBI realized that the bridge was in need of urgent repairs. It then communicated that to the minister in charge but did not clearly explain the rapid deterioration of the bridge.

Can you please tell us what wasn't clearly explained and why that was the case?

Mr. Michael Ferguson: I'm going to ask Mr. Le Goff to provide those details.

[*English*]

The Chair: Go ahead, Mr. Le Goff.

[*Translation*]

Mr. Philippe Le Goff: I would say that, from our standpoint, it's a bit of a mystery. We did not find any evidence that the Federal Bridge Corporation properly communicated the severity of the bridge's deterioration to the then transport minister.

Mr. Gérard Deltell: That was rather major when you consider everything that followed.

Mr. Ferguson, from your report, it's clear that the government in power at the time had not been clearly informed of the urgent nature of the problem. One thing led to the next. If the government was not made aware of how urgent the situation was, why would it have acted swiftly?

I'd like a bit more information about that. Everything depends on that. Why was the situation not communicated clearly back in 2007? You, yourself, pointed that out in your report.

Mr. Michael Ferguson: In these kinds of situations, it's never easy to follow all the evidence. I can say, though, that, at the time, JCCBI indicated that it was necessary to begin planning the construction of a new bridge so that it would be operational by 2021. JCCBI stated that it was necessary to begin the planning for a new bridge but did not clearly describe the deteriorating condition of the bridge. Given the communications between JCCBI and the department, it was somewhat difficult to grasp just how urgent the situation was.

As I already said, the only thing we noted in all of those communications was the crown corporation's assertion that the new bridge should be operational by 2021. It was just prior to the partnership agreement being signed that JCCBI indicated the need to accelerate the construction schedule so that the new bridge would be done by 2018.

Mr. Gérard Deltell: Once again, that is the whole point, Mr. Ferguson. In your report, you say that JCCBI did not highlight the serious nature of the situation or the extent of the deterioration. In paragraph eight of your opening statement, which you read earlier, you say that, had JCCBI identified and communicated the seriousness of the Champlain Bridge degradation in 2007, a new bridge could have been delivered by 2015.

We agree on that. As you pointed out, neither the severity of the situation nor the deteriorating condition of the bridge was communicated to the minister. What was communicated, however, was that there were problems with the bridge and that a new bridge should be open to traffic by 2021. The decision to move up the completion date to 2018 came later, as Ms. Gillis confirmed in her opening statement. You have doubts about the 2018 deadline, but Ms. Gillis, who is in charge of the file, told us today that the bridge could be completed by 2018, given that construction was already 80% complete. I nevertheless come back to the fundamental problem, the severity of the situation and the extent of the degradation.

How could the government—or anyone else, for that matter—have come to a swift decision when the severity of the situation and extent of the degradation were not communicated in the initial 2007 report?

● (1615)

Mr. Michael Ferguson: I would repeat that that is why we stressed the importance of the life-cycle management of an infrastructure asset as important as the Champlain Bridge and of a clear understanding of the severity of the condition of such an asset, including its degradation. Of course, we noted that JCCBI conveyed the need to begin the planning for a new bridge, but we also noted that it failed to communicate the true severity of the situation.

Mr. Gérard Deltell: To your knowledge, Mr. Ferguson—and Ms. Gillis may also have some information to share—when was the severity of the bridge's deterioration formally communicated to the appropriate authority?

Mr. Michael Ferguson: It was probably in 2013. That was when the decision was made that a new bridge had to be operational by 2018. Therefore, it was first necessary to have a real indication that the construction schedule for the new bridge was very tight.

Mr. Gérard Deltell: I see.

Just a moment. The sequence of events—

[*English*]

The Chair: Our time is up.

Mr. Gérard Deltell: I'll come back to that, because this is the heart of this report.

The Chair: We'll come back to you, for certain. We'll now move to Madame Shanahan.

Welcome back. I should have said that about Ms. Sansoucy as well: welcome to our committee. This is the first time you have been here. It's a delight for the committee to have you.

Ms. Shanahan, welcome back.

Mrs. Brenda Shanahan (Châteauguay—Lacolle, Lib.): Thank you very much, Chair. It's a pleasure to be back.

Certainly the issue of the Champlain Bridge is one that's close to the citizens of my riding of Châteauguay—Lacolle, which is home to the Mercier Bridge, so we know that there's a direct relationship there that we can get into another time.

Regarding this report, I think the members of this committee and certainly the Auditor General will recall that for me the most important thing is the lessons learned and how we can improve going forward.

I would like to hear more about the life cycle, about what a life cycle cost and review process would look like. I guess I'm addressing that to the Auditor General just for an overview, and then to Ms. Gillis to see how that's been implemented at Infrastructure Canada.

Mr. Ferguson, would you comment?

Mr. Michael Ferguson: In the course of the report that we produced, you'll see that we did a special examination of the crown corporation JCCBI, I believe in 2003, and at that point we indicated that it did not have a financial indicator in place that would have compared the cost of maintaining the bridge to the cost of replacing the bridge.

As I said in my opening statement, as early as 1986 they started to have to do major repairs that were perhaps abnormal for a bridge of that age, but they didn't have a financial indicator in place that would help them understand the long-term cost comparison of maintaining versus replacing. I think having that is important.

Obviously, having the information about the integrity of the bridge.... As we've seen, they didn't really understand fully the situation of the bridge as it was deteriorating. As the deputy minister said earlier on, part of that was because they didn't have ways of looking in behind the concrete at some of the structure. I think being able to understand that is important.

I think one of the most important lessons perhaps to learn, though, or things to do in in terms of the new bridge, is that one of the unique characteristics of it is that it is supposed to last 125 years, which is extremely long for a bridge. The government will get ownership of that bridge back after 30 years. This public-private partnership requires the bridge to come back to the government after 30 years. It has to be returned in a certain condition, but after that the government is going to be responsible for this bridge for another 95 years, so I think it's important to make sure that long-term planning is in place, and to understand that because of that 125-year lifespan, the life-cycle management of this bridge is going to be very different from any other bridge the federal government owns.

● (1620)

Mrs. Brenda Shanahan: Perhaps, Ms. Gillis, you can tell us how that's going to be executed.

Ms. Kelly Gillis: Thank you.

I'll turn to Natalie and Marc to provide us with further details on the action plan by JCCBI. Over recent years, JCCBI has put a lot of emphasis on life-cycle management, as I explained before, using sensor technology to understand the behaviour and the conditions of the Champlain and its movement and understanding what it can do for both the Mercier and the Jacques-Cartier. It's taking a two-step approach and looking at the actions it can do within a 10-year time horizon, but also having a 50-year horizon on what would be required for proactive maintenance and making sure that the value and the life are extended appropriately within the assets it's responsible for.

JCCBI is also doing a lot of research on new building techniques and new types of materials that are appropriate for our climate. They've done a lot of speaking engagements, because they're seen as quite the experts in this area right now.

The Chair: Go ahead, Monsieur Fortin.

Mr. Marc Fortin (Assistant Deputy Minister, Program Operations, Office of Infrastructure of Canada): Maybe I can add to what the deputy said here.

Indeed JCCBI has implemented a fair amount of technology. Things are evolving in that kind of business. Compared to back in the 1950s, at Champlain there are instruments we didn't have at that time that they now have, and they have put systems in. They call them BMI, bridge information systems, which now exist and which enable them to do the monitoring of the asset.

They are looking right now at the life cycle of the Jacques Cartier bridge. They think there are technologies that did not exist not that long ago that they are going to be able to use to extend the life cycle of that bridge itself.

Mrs. Brenda Shanahan: Chair, how much time do I have?

The Chair: You have 10 seconds.

Mrs. Brenda Shanahan: Okay. I just want to say something.

[*Translation*]

I believe that Quebec has one of the best take-up rates for electric vehicles in all of Canada. I want to say to the member across the way that electric vehicles will go a long way towards helping us reduce greenhouse gas emissions.

[*English*]

The Chair: Thank you, Madam Shanahan.

We'll now move back to Monsieur Deltell.

[*Translation*]

Mr. Gérard Deltell: Thank you, Mr. Chair.

The fundamental question is when did the government find out that the bridge was deteriorating at a troubling rate. In paragraph 4.26 of your report, you say:

> However, we found that the JCCBI's communication did not clearly present the increasingly rapid deterioration of the existing bridge.

Obviously, it's pretty difficult to make the right decision at the right time when you don't have the right facts. That is clear.

Now, I'd like to move on to another point. It was initially decided that the new bridge would have tolls. A new government was then elected and decided that the bridge would be toll-free. By your estimate, traffic on the bridge will go up by 20% as a result. What was the estimate based on, and what impact will the increase have?

Mr. Michael Ferguson: The estimate was based, not on our analysis, but on that of the department. We simply referred to the department's finding further to its analysis of the impact of the change.

I will ask Mr. Le Goff to provide further details.

[*English*]

The Chair: Go ahead, Mr. Le Goff.

[*Translation*]

Mr. Philippe Le Goff: Indeed, Mr. Deltell, that information came from departmental documents and was not based on an analysis done by our office.

Mr. Gérard Deltell: Did you assess the financial impact of the change? You talked about an increase in cost.

Mr. Michael Ferguson: That's actually something the department has to negotiate with its partner. It has to determine what impact the change will have on the contract. That means we can't speak to the impact, which has to be negotiated with the partner, and I believe those talks are still going on.

[*English*]

Mr. Gérard Deltell: Okay.

Madame Gillis, do you have any information about the fact that there will no longer be tolls at the entrance of the bridge? What will be the impact of that?

Ms. Kelly Gillis: Right now we are in the process, as the Auditor General has said, of discussing the possible impact. It would go back to service standards, and I'll ask Natalie and Marc to talk about it a bit more.

Because we have service standards for the operation and maintenance of the bridge over the duration of the contract with them, that's what would vary, depending on what happened with the deterioration of the bridge.

● (1625)

The Chair: Thank you.

Ms. Bossé, would you comment?

Ms. Natalie Bossé (Director General, Major Bridges, Office of Infrastructure of Canada): Good afternoon. With regard to those discussions, they pertain—

[*Translation*]

Mr. Gérard Deltell: You can answer in French. Don't be intimidated.

Ms. Natalie Bossé: Thank you.

As the deputy minister and Auditor General mentioned, our negotiations with SSL are still under way. The talks are really focused on those elements that SSL will not be responsible for in relation to toll collection. SSL will not have to collect tolls, and so, toll collection elements will be removed. Those talks are ongoing.

Mr. Gérard Deltell: The issue isn't really whether there will be toll boxes or whether drivers swipe a card. The real issue is the long-term impact. It was estimated that $3 billion in revenue could be lost. How will the change affect the funding of the project?

Ms. Natalie Bossé: Since we are still in talks, we have not yet settled on what the exact amounts will be.

Mr. Gérard Deltell: Ms. Bossé, with all due respect, the government announced this decision two and a half years ago. In all that time, you haven't been able to assess the financial impact?

[*English*]

The Chair: Go ahead, Mr. Fortin

[*Translation*]

Mr. Marc Fortin: It is based on formulas. The funding for the Champlain Bridge and the toll revenue you are talking about are from two different sources.

Mr. Gérard Deltell: You can appreciate that the fact that you are still in talks after two and a half years is a bit surprising, to put it mildly.

I'd like to raise another issue, Ms. Gillis. In your report, you say that, despite having to deal with a strike, you were able to make up the time that was lost. What strike was it and how much did it hurt construction progress?

Ms. Kelly Gillis: In terms of the construction schedule, the $235-million settlement allowed SSL to hire more workers and buy additional equipment to make more progress on construction and make up for the strike delays.

Mr. Gérard Deltell: What was the total financial impact of the strike on the project budget?

Ms. Kelly Gillis: We negotiated a $235-million settlement with SSL to cover the consequences of the strike, transportation permit issues, and claims. That was the total package.

Mr. Gérard Deltell: Does that mean that the $235 million was not originally budgeted for but was added to the total cost? Is that the case?

Ms. Kelly Gillis: The $235 million was not factored into the original budget.

Mr. Gérard Deltell: Mr. Ferguson, does the $500 million in avoidable expenditures you mention in your report include the $235 million?

Mr. Michael Ferguson: Yes.

Mr. Gérard Deltell: Nearly half of the cost overrun, then, is due to the strike. Is that right?

Mr. Michael Ferguson: It wasn't entirely due to the strike. We indicated—

Mr. Gérard Deltell: I said half, or nearly half—$235 million out of $500 million.

Mr. Michael Ferguson: In paragraph 4.75 of the report, we explain that the $235 million was broken down into two items: $63 million for the settlement of all existing claims related to transportation and $172 million for additional acceleration measures. The second item may include the impact from the strike, but I don't have the exact details on that.

[*English*]

The Chair: Thank you, Mr. Deltell. We can come back to you.

Now we will move to Ms. Mendès.

Mrs. Alexandra Mendès: Thank you, Mr. Chair.

I'm trying to recollect—and I'm googling it as I go along—all the reports we've read on the deterioration of Champlain Bridge before the decision was finally made in 2011, and there were a lot, not just by Jacques Cartier and Champlain Bridges Incorporated, but by independent engineers and all sorts of other stakeholders. This had been going on for quite a few years. It's not something that we just heard about in 2007 or 2008; we found out way earlier that the bridge was having serious problems.

That said, we started the construction of this beautiful new bridge. I can see it coming out of the water every week. It is a beautiful project. It has put a lot of Canadians to work. I think people from all over Canada have been joining the construction site throughout. We have the costs that have been added because of the transportation limitations of the former bridge. Things couldn't be brought across the bridge, so they had to be brought in by barge or by train or whatever other means. We had the strike. We had all sorts of other impediments that caused some delays and some additional costs. I would say that generally speaking, the project itself has kept to its initial expectations or design.

● (1630)

Ms. Kelly Gillis: The project itself has kept to its original design, yes. The $235-million negotiated settlement is the only additional cost that we've had to date on this particular project.

Mrs. Alexandra Mendès: For these very unexpected circumstances....

Ms. Kelly Gillis: It's a combination of circumstances.

Mrs. Alexandra Mendès: The Quebec engineers' strike caused some costs. I think that's what we were referring to in the report.

Ms. Kelly Gillis: There was the iron workers' strike, the public service engineers' strike, yes.

Mrs. Alexandra Mendès: But definitely the fact that SSL had to use different means to bring materials to the construction site was definitely another added cost.

Ms. Kelly Gillis: The permits related to heavy load on roads from the Quebec government as well as permits from JCCBI on heavy loads going over the current Champlain Bridge also contributed and were also part of the negotiated settlement, yes.

Mrs. Alexandra Mendès: On the question of tolls, we are putting an electric train on the bridge, and this is being done by the Quebec pension fund, is a big project of the *Caisse de dépôt et de placement du Québec*. As far as I understand, the financial arrangement is that they will obviously be getting some revenue from running the train over a period of 30 or however many years it will be, which is clearly why they're investing. They're not doing it simply for investing in the train.

Could this compensate in any way for the taking away of the tolls?

Ms. Kelly Gillis: Any of the changes, any costs related to the REM train coming on the particular bridge, would be borne by CDPQ in making sure that the design of the bridge is not financially impacted by that change.

Mrs. Alexandra Mendès: I understand that part, but I want to try to understand the situation for the private investor, SSL, the constructor, the builder. They won't get the revenue from tolls, but will they get any revenue from the *Caisse de dépôt et de placement*?

Ms. Kelly Gillis: The toll revenue was never going to go to SSL. It was always separate from that. It was always going to go back to the fiscal framework.

Mrs. Alexandra Mendès: That was not how they were going to get back their part of the P3.

Ms. Kelly Gillis: No. It was always separate. It was going back to the fiscal framework, taking into consideration the finance for the overall general revenue. It was never directly related to the—

Mrs. Alexandra Mendès: How were they going to get their compensation from the P3?

Ms. Kelly Gillis: They would be reimbursed with service arrangements, payments from the government directly, for meeting service standards and maintaining the operations of the bridge.

Mrs. Alexandra Mendès: Okay, that would be a different kind of P3 from the ones we've seen here, for example, where the ones who build toll highways usually are the ones who get the tolls back. This is completely different.

Ms. Kelly Gillis: This would be different. There's a full range of P3s, some with a revenue risk component. This was never intended to have that. It was never part of the operations from the beginning. That is not a change.

Mrs. Alexandra Mendès: Mr. Ferguson, does that change your opinion on how this fiscal arrangement may or may not impact the viability of P3?

Mr. Michael Ferguson: Again, as the deputy said, it wasn't part of the compensation for the department. The impact of the reduced revenue is an impact on the government's fiscal framework. The impact on the contract is the fact not having tolls will cause more traffic on the bridge. The private partner is responsible for the maintenance of the bridge through that first 30 years. That will have an impact on what they have to do.

There will be an impact for the maintenance, not on the revenue side but on the cost side. Then on the revenue side, the impact is on the government itself, because that money is no longer in future budgets.

● (1635)

Mrs. Alexandra Mendès: Thank you very much.

The Chair: We'll move to Ms. Sansoucy again.

[*Translation*]

Ms. Brigitte Sansoucy: Thank you, Mr. Chair.

My questions will be for the Infrastructure Canada officials.

As you said at the outset, the report gives you an opportunity to learn and improve your practices. I looked over the detailed action plan you submitted in response to the Auditor General's recommendations, and I have a few questions.

The recommendation in paragraph 4.62 of the report indicates that the method for evaluating proposals for public-private partnership contracts should include the development of assessment criteria and the determination of evidence required to ensure that bidders meet the requirements. You stated that, next year, you will work with Public Services and Procurement Canada, or PSPC, to review the evaluation approach.

Do you already work with the department on a consistent basis? Given your experience, what changes do you think could be made?

I know you're doing a study and will be submitting the results, but do you already have a sense of the changes that could be made in light of this recommendation?

Ms. Kelly Gillis: Thank you for your question.

Yes, PSPC has always been a member of our team. I mentioned in my opening statement that our team was made up of representatives from various departments. We have a great working relationship with PSPC.

When dealing with a project as complex as this one, we always learn lessons and look at the factors we need to consider in projects going forward. We've already taken certain things into consideration and shared information in support of the other bridge we are currently building, the Gordie Howe International Bridge. The idea is to take what we learned from this project and apply it to others.

That process has already begun, but once the bridge is complete, we will need to look back over the entire project to determine what we can do better to improve our processes.

Ms. Brigitte Sansoucy: Do you already have an idea of the types of changes that should be made?

Ms. Kelly Gillis: I think we've already learned how important the governance mechanism and information system are. A tremendous amount of documentation and information is shared between the government and the private partner. It's important to make sure that a good information system is in place. That's something we've already communicated. It's also important to make sure that, through the governance structure and with the government's independent technical experts, the support is there to help them review the information that is coming so that we get the best possible advice throughout the process.

Ms. Brigitte Sansoucy: I see.

Do you have anything to add, Mr. Fortin?

Mr. Marc Fortin: Yes, if I may. I think you raise a very important point, Ms. Sansoucy.

We build infrastructure of all sizes, and we see in our programs, other than the Champlain Bridge project—other types of programs, like public transit—that when infrastructure is built, a long-term maintenance plan is sometimes necessary right from the get-go. In many cases, infrastructure is built and problems crop up later.

I think this is a good example. From the outset, the systems the deputy minister was talking about were put in place, and they will remain in place. We need to make sure that the contract with the partner clearly provides for this kind of follow-up mechanism.

● (1640)

Ms. Brigitte Sansoucy: Thank you.

In response to the recommendation in paragraph 4.45, which concerns future analyses, you state the following:

> Infrastructure Canada will examine the development of a benchmark study in collaboration with Public Services and Procurement Canada (PSPC).
>
> The benchmark study will be developed against a representative sample of traditionally procured infrastructure projects on cost and time performance indicators.

Forgive me for asking, but wasn't that already in place?

Ms. Kelly Gillis: We do have information, but we can always learn from our project experiences and improve accordingly.

I will now ask Ms. Bossé to comment, as she may be able to provide more details on the information we already have.

Ms. Natalie Bossé: Indeed, the existing information did ultimately inform our decision-making. We have found, however, that there is always room for improvement. It's important, though, to make sure that all the data can be found in the same place, and that's why, in our response to the audit recommendation, we said we would work with the authority responsible for federal procurement, PSPC. That way, the lessons we learn from our experiences can also inform other projects.

Ms. Brigitte Sansoucy: My next question may lead us into a discussion on information management.

The recommendation in paragraph 4.44 concerns the choice of procurement models and the government's 2011 decision to use a P3 procurement model. The recommendation applies to the period before the qualitative and value-for-money analyses were done. In your response, you said that Infrastructure Canada completed a business case leading to a determination as to the procurement model.

I'd like to know whether the business case was done before or after the procurement model was chosen. When I read the report, I got the sense that the decision had already been made and that the sequence of events leading up to the decision could also serve as a lesson learned.

It's a key question.

[*English*]

The Chair: Pardon me?

[*Translation*]

Ms. Brigitte Sansoucy: It's a key question. Can the witnesses answer?

[*English*]

The Chair: Yes, for sure, absolutely. I'm just letting you know that we're three minutes over your time, but I'm trying to be flexible because you're new here.

Ms. Gillis, go ahead.

[*Translation*]

Ms. Kelly Gillis: Thank you for the question.

In 2011, the decision was made to replace the bridge. At that time, it was decided that the possibility of using a modern P3 model to build the bridge would be studied.

Once that decision was made, a multidepartmental team was established—over at Transport Canada, before the file was transferred to us. We hired PricewaterhouseCoopers and Arup, consulting firms with P3 expertise, to conduct an analysis, come up with a business plan, and help us determine the best way to proceed, a traditional model or a P3 model.

The government's decision in 2013 to use a P3 model was based on that information and analysis.

[*English*]

The Chair: I will just go back to our Auditor General.

Was there a difference in dates on when the decision on the P3 was stated? We thought that maybe our Auditor General said that the decision was made in 2011, and if I understood correctly through translation, you said 2013.

Ms. Kelly Gillis: Based on the chronology and the information that we have, the decision was made in 2011 to replace the bridge and to examine whether a P3 would be the optimal model.

The Chair: And then...?

Ms. Kelly Gillis: There was a mandatory P3 screen at the time, but the analysis on whether a traditional versus a P3 would be undertaken happened between 2012 and 2013, and then the decision to proceed with the P3 was announced in 2013.

● (1645)

The Chair: Thank you. That was good questioning.

Mr. Chong is next, please.

Hon. Michael Chong: Thank you, Mr. Chair.

I want to build on the line of questioning that Madam Mendès had started on.

I want to understand what exactly is the case with the payments and the revenues. Originally, as I understand it, the tolls that were to be collected for passenger cars and trucks would go into the consolidated revenue fund. Is that correct?

Ms. Kelly Gillis: That's correct. We'd be returning—

Hon. Michael Chong: That, obviously, is not there anymore, and I'm not sure that Madam Mendès had her question answered. I think what she was asking is this. There will be public transit, rapid transit, using this bridge. Is there a source of revenue that will be generated for the consolidated revenue fund as a result of trains crossing that bridge?

Ms. Kelly Gillis: There is none that I am aware of right now, no.

Hon. Michael Chong: Those trains will be crossing the bridge for free.

Ms. Kelly Gillis: I do not believe that there's an agreement on those trains crossing the bridge just yet.

Hon. Michael Chong: But is the idea that they will be charged some sort of fee for crossing the bridge, or will they be able to cross the bridge without charge? What's the thinking on that right now?

Ms. Kelly Gillis: That decision has not been made, so I cannot say.

Hon. Michael Chong: On the other flow of payments, my understanding is that the Government of Canada will have to make payments to the partner for the operation and maintenance of this bridge. What were those payments expected to be prior to the decision to remove the tolling on the bridge?

Ms. Kelly Gillis: Those payments are.... I believe it's in the Auditor General's report, and I don't want to quote the wrong number. We can get it for you. It's in the Auditor General's report for operating and maintenance over the 30 years, and that is the amount right now that will be paid. That is the contractual amount.

Hon. Michael Chong: Obviously that amount will be increased, and I'm assuming that you're in negotiations to increase those payments to the partner because of the decision to remove tolls, which will result in higher traffic volumes, which will result in higher wear and tear. Is that correct?

Ms. Kelly Gillis: We're in negotiations with the partner to reduce the overall cost, because they will no longer have to construct items and do things regarding tolling. We are looking at what the wear and tear could be and what the implications could be for the maintenance and service costs over a period of time.

Hon. Michael Chong: Are you telling this committee that the decision to remove the tolling plazas, the electronic tolling equipment, and other infrastructure associated with tolling is going to be far greater a reduction in costs than the increase in maintenance and wear on tear over the lifespan of the first 30 years?

Ms. Kelly Gillis: I don't know the numbers offhand for the maintenance. I will ask Natalie to.... The amounts are in negotiation right now.

Hon. Michael Chong: Okay, because that would strike me as unlikely. I would be surprised if that were the case. Thirty years is a long time, and an additional 20% increase in traffic over that 30 years I think would be not insignificant in terms of wear and tear.

Ms. Kelly Gillis: It depends on the durability of the bridge, the engineering assessments of what the impact on the bridge might be.

Hon. Michael Chong: Yes.

Ms. Kelly Gillis: Is it an incremental impact and does it have a significant cost factor? Those are all the elements that are being looked at now.

Hon. Michael Chong: When do you expect to have the figure for how much extra it's going to cost to maintain this bridge as a result of the increased wear and tear, the result of the government's decision to remove tolls on the bridge? When do you expect to have those figures?

Ms. Kelly Gillis: Those are being negotiated now.

Ms. Natalie Bossé: We would expect to have those figures by the fall.

Hon. Michael Chong: By the fall? Thank you.

Mr. Ferguson, are you going to revisit this issue when you have some figures to take a look at? I didn't see in your report any specific figures regarding the increased cost of the operation of this bridge due to increased wear and tear. You made mention that the increased vehicular traffic will no doubt increase the wear and tear on the bridge, but I don't think you had any hard figures on what those numbers will be.

Mr. Michael Ferguson: We didn't have any numbers because, again, the impact of removing the tolls is all being negotiated. As of right now, no, we don't have any plans to come back and revisit this piece of work. That's not to say we couldn't, but right now we don't have any plans to.

● (1650)

Hon. Michael Chong: Okay. Thank you for that.

The other question I had is for the department, because I know that the Auditor General didn't specifically look at the greenhouse gas emissions as part of the audit.

There is a Federal Sustainable Development Act in place already, and Parliament is looking at passing a bill that would make amendments to that act. Section 5 of that act says that the government, in all its decisions, must not only accept the principle of an "ecologically efficient use of natural, social and economic resources", but it needs to integrate environmental factors in the making of all its decisions.

My question for the department is this: Did the government take into account the increased greenhouse gas emissions that would result from the extra million cars and trucks that would cross this bridge each and every year because of the elimination of tolls?

Ms. Kelly Gillis: Thank you for the question. The department is complying with all environmental rules and regulations in the construction of this particular bridge.

Hon. Michael Chong: But did it take into account the increased greenhouse gas emissions that would result from the extra 10 million cars and trucks that would cross this bridge?

Ms. Kelly Gillis: I have not seen an assessment on that as of right now.

Hon. Michael Chong: Okay. Thank you.

Mr. Chair, I think I'll finish with just a comment. I think it's important that we not lose the forest for the trees here.

To be sure, the increased cost of the bridge is a lot of money, at some $500 million. However—and I know this wasn't the focus of the audit—the decision to remove the tolls on this bridge has a far bigger impact on the fiscal framework than any other single factor, by a factor of six. We're losing $3 billion in revenue in the fisc, as they call it, over the next 30 years, as a result of non-collection of revenues.

We're also facing much greater increased operational costs of the bridge as a result of the 10 million extra cars and trucks crossing it. I assume that in the fall we'll get some numbers on that aspect. We're also facing significantly increased greenhouse gas emissions, which is particularly relevant because we don't yet have a comprehensive plan to get us to 2030.

I just make that point because I think it's important for those issues to be taken into account when we're reviewing the government's decision and the management of this bridge.

The Chair: Thank you, Mr. Chong.

I don't have any other questioners, but I would like to add another question here. Every once in a while our analysts will direct us to a question that they may be interested in.

Mr. Auditor General, on page 9 of your report, at exhibit 4.6, you go through the timeline of everything. For example, the report says that from 1999 to 2003, "Independent engineers found bridge degradation and structural problems". There was no information put into the corporate plan of the FBCL, the Federal Bridge Corporation Limited corporate plan. It sounds like it wasn't mentioned, and consequently, action wasn't taken.

Then in 2004, "The JCCBI raised concerns that the bridge was reaching the end of its service life more quickly than expected," and that the information provided to decision-makers was "Information on the reduction of the bridge's life expectancy in the FBCL corporate plan", and no action was taken.

Then in 2005, "The JCCBI found more structural concerns regarding girder deterioration. It requested an engineering firm to design an emergency truss for possible support of a failing girder." They did the design. Was a girder then made in case there was this emergency? I'm not sure how this works. That never happened, right?

Mrs. Alexandra Mendès: Not in 2005.

The Chair: Yes, not in 2005, but were pieces being fabricated, ready to be put back into the bridge?

Ms. Kelly Gillis: I do not know the answer to that question, but I can ask JCCBI and get back to you.

The Chair: It says that no action was taken, but it sounds like it requested an engineering plan.

Then in 2006, "The JCCBI conducted an independent life-cycle cost analysis for the existing bridge and concluded that maintaining the existing bridge would cost more than building a new bridge by 2021," and the information provided to decision-makers was "Financial analysis results in the FBCL corporate plan".

The reason I'm asking about this aspect goes back to an issue that we'll be looking at next Tuesday, which is your message in the most recent Auditor General report. That Auditor General report talks about the "obedient culture" in the public service. Because of this culture, the government's short-term perspective can conflict with the public service's more long-term view.

Mr. Ferguson, did you see that culture here in this audit of Infrastructure Canada?

● (1655)

Mr. Michael Ferguson: Again, that's the difficulty, and I think what you are struggling with is the difficulty that we had as well, as we were trying to work through the time frame on this project.

Again, as far back as 1986, there were indications that the bridge was deteriorating or that it needed repairs that were abnormal for a bridge of that age. From 1999 to 2003, they were starting to find these serious degradation issues, but when you look at the corporate plans of FBCL, which is the parent company of the JCCBI, you see that the information isn't really forthcoming about the seriousness of the situation. When they are talking about it, they're talking about needing a new bridge by 2021, and it's not until we actually get into a contract, or just before a contract, that all of a sudden it's discovered that the new bridge is needed by 2018.

To me, anyway, the prime issue is that the corporation didn't really know the seriousness of what they were looking at. They are engineers. They're very focused on making sure that the infrastructure they have is safe and useable, so they would be very focused on maintaining the existing bridge. They would turn their focus to a new bridge once they got approval for that, but they would be very much focused on trying to keep the existing bridge operating and serviceable, and that was taking a lot more time and effort.

Even once they started to bring forward the seriousness of the issue, they were still talking about needing the new bridge in 2021. The decision to put a new bridge in place was made in 2011, which would have given 10 years to replace that bridge, but it was later discovered that no, you can't wait until 2021; you need a new bridge in 2018.

How all of that went down between the ministers of the day, the deputy minister, and JCCBI is very difficult for us to know, again because we can't get in behind those conversations. It is clear to me, though, that during this time period, JCCBI should have been stressing more strongly than they did the importance of the need to replace the bridge, the importance of the degradation of the bridge, and the fact that it needed to be replaced.

The Chair: Thank you. I think we can leave it at that.

This Tuesday we are calling on the Clerk of the Privy Council because of a concern that our committee has. When we see audits and we see information isn't being passed to deputy ministers or to ministers, this is problematic. I think all parties recognize that, so we'll leave it at that. It's a very serious message that our Auditor General gave us in his last report, and one that we want to focus in on many times when we have different departments here.

We do want to thank you for being here and for coming and answering to the Auditor General's report and to his recommendations. We will be drafting a study of this meeting and of the information both from the Auditor General's report and from your testimony.

We would encourage you in a couple of ways. You've already committed to getting us some answers to some of the questions from Ms. Sansoucy and others, but if you leave here and you think, "You know, perhaps I could have expanded on this answer," or "I could have given a clearer answer on that question," please just submit that to our clerk, and we'll make sure it's included if it's relevant to our study.

We appreciate your being here, and we will be following up with the action plan. We typically do not say, "We've had the department here and we've had the group here, so now we won't see you until there is another audit." If some of the action plan measures aren't being met in a timely way, you may well have an invitation back to our committee, which isn't all bad, but it may not be as good next time.

We will be suspended for one moment. I have one small item on committee business, just so that we can make sure that our clerk gets payment for a book that we purchased for a visiting delegation. We will suspend momentarily and allow the witnesses to make their way out.

Thank you.

● (1700)

(Pause)

● (1705)

The Chair: I will call this meeting back to order. This should take about two minutes.

Thank you, committee.

I need to tell you that we are still public. We are not going in camera on this matter.

We were delighted to have a delegation and the Speaker from Guyana join us here last week. In that time, we instructed our clerk to pick up a little book or memento from Canada for the Speaker as a gift from the committee. The cost was around $23. She did it, and we presented it to him, but we need a motion in order for her to be paid back.

Mrs. Alexandra Mendès: I so move.

The Chair: It is seconded by Mr. Deltell.

(Motion agreed to)

The Chair: Thank you, all.

Have a very good weekend. I trust that we'll see you next week.

Thank you to both our guests for being here.

The meeting is adjourned.

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